

APPENDIX E

STATEMENT OF ROBERT K. MCDONALD

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Commonwealth Edison Company)
Notice of transfer of generating, wholesale)
marketing and associated assets and entry)
into related agreements pursuant to)
Section 16-111(g) of the Illinois Public)
Utilities Act.

VERIFIED STATEMENT OF ROBERT K. MCDONALD

Q. Please state your name and business address.

A. Robert K. McDonald, Unicom Corporation ("Unicom"), 10 South Dearborn, 37th Floor,
Chicago, Illinois 60603.

Q. What is your position with Unicom?

A. Vice President.

Q. What are your duties in that position?

A. My major duties are to facilitate and coordinate the development of Unicom's overall
corporate strategy as well as to investigate growth opportunities for the corporation,
including mergers, acquisitions and other strategic combinations. I am also responsible
for assisting in the development of new market institutions as needed. Finally, I am the
Unicom project manager for the integration of PECO and Unicom.

Q. Please provide your educational and employment background.

A. I hold a Bachelor of Science and a Masters of Science Degree in Electrical Engineering
from the University of Illinois in Champaign and a Masters of Business Administration
from the University of Chicago. I began work for Unicom's electric utility subsidiary,
Commonwealth Edison Company ("ComEd"), in 1978. During my employment with

32 ComEd, I held various positions in System Planning, Generation Planning, Division
33 Engineering, Strategic Analysis, Treasury, Transmission Planning, and finally Strategic
34 Planning. I became Strategic Planning Vice President in May, 1998. I was elected as a
35 corporate officer in December, 1999.

36 Q. What is the purpose of your testimony?

37 A. The purpose of my testimony is to discuss ComEd's decision to transfer its nuclear
38 generating assets to an affiliated generating company ("Exelon Genco"). I will introduce
39 ComEd, generally, as it currently is structured, and I will discuss the pending merger
40 involving Unicom and PECO Energy Company ("PECO"). I will explain why ComEd
41 has decided to transfer its generating assets to Exelon Genco (the "Transfer"), which
42 specific assets are being transferred, and what the Transfer means for post-merger
43 operations. In this regard, I will discuss various related contracts and contractual
44 provisions. I will also discuss why the Transfer will not render ComEd unable to provide
45 its tariffed services in a safe and reliable manner. Lastly, I will present ComEd's plans for
46 complying with Section 16-128 of the Illinois Public Utilities Act ("Act") relating to
47 employees at the affected plants.

48 **Overview**

49 Q. Please describe Unicom.

50 A. Unicom, which is based in Chicago, Illinois and has been incorporated since 1994, is a
51 public company dedicated to meeting the energy needs of residential, commercial,
52 industrial and wholesale customers. Unicom and its subsidiaries have approximately
53 16,000 employees, \$7 billion in annual revenues, and 182,000 shareholders. Unicom is
54 the parent holding company to ComEd, its principal subsidiary. Unicom is also parent to

a number of unregulated subsidiaries which are engaged in a variety of energy services and activities.

Q. Please describe ComEd.

A. ComEd is engaged in the production, transmission, distribution and sale of electricity to wholesale and retail customers. ComEd has been providing electricity to customers in Northern Illinois since 1887, when it was founded as Chicago Edison Company. ComEd provides service to more than 3.4 million customers (nearly 300,000 are commercial and industrial customers, and the rest residential) across northern Illinois, or 70 percent of the state's population, covering approximately one-fifth of the state of Illinois (including the city of Chicago). ComEd owns and operates the nation's largest nuclear fleet, with over 9,550 MW of generating capacity. In addition to selling energy from these plants to ComEd's customers, ComEd actively participates in selling energy into the wholesale market.

Q. Please describe PECO.

A. PECO is an electric and gas utility serving 1.5 million electric customers and more than 400,000 natural gas customers in the Philadelphia area. PECO has a substantial nuclear fleet, and also owns and operates coal, natural gas, oil, landfill gas and hydro generating plants. PECO participates actively in the deregulated marketplace, trading wholesale power 24 hours a day in 47 states and Canada, purchasing and operating nuclear generation and establishing unregulated ventures in retail energy sales, telecommunications and utility infrastructure management.

76 Q. Please describe the pending Unicom-PECO merger.

77 A. Unicom and PECO have entered into a definitive agreement providing for a merger of
78 equals. Unicom will merge with a new holding company affiliate of PECO to form
79 "Exelon," a new holding company. Exelon will be the parent of, among others, ComEd
80 and PECO. On November 22, 1999, ComEd notified the Commission of the merger
81 pursuant to Section 16-111(g) of the Act. Applications related to the merger are pending
82 before the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission
83 and the Pennsylvania Public Service Commission. Exelon will also register with the
84 Securities and Exchange Commission as a holding company subject to regulation under
85 the Public Utility Holding Company Act of 1935.

86 Q. How does the decision to merge relate to the decision to separate the nuclear assets and
87 wholesale business from ComEd?

88 A. From Unicom's perspective, the merger is part of our continuing effort to restructure
89 ComEd's operations and our unregulated ventures to adapt to a new competitive
90 environment. We believe that intrinsically different markets will develop for generation,
91 energy services, and transmission and distribution. To succeed in these markets, Unicom
92 must develop separate organizations with distinct focuses, assets and skills and find
93 opportunities for growth. The Generation organization will focus on maximizing the
94 generation and sales of low-cost energy into the wholesale market. The Transmission and
95 Distribution organization will focus on providing all required energy over a reliable
96 delivery system to its retail customers. The Unregulated Ventures organization will focus
97 on providing a portfolio of utility-related products and services.

98 The combination with PECO allows Unicom to address all of these concerns. The
99 merger will allow Unicom to separate ComEd's generation function from the transmission
100 and distribution operations and to isolate some of the risks inherit in the generation
101 business. It will focus greater management attention on improving the operation of the
102 transmission and distribution systems. Finally, the reorganization will structure
103 operations to ensure the continued financial viability of ComEd. As we have previously
104 explained to the Commission, ComEd will emerge from the reorganization stronger, from
105 both managerial and financial perspectives.

106 Q. How will the generation and wholesale marketing functions be separated from the
107 transmission and distribution operations?

108 A. The separation of the generation and wholesale marketing functions from the
109 transmission and distribution functions is a central component of the overall
110 restructuring. All generating resources will be controlled, and all wholesale marketing
111 will be conducted, by Exelon Genco. ComEd and PECO will operate their respective
112 wires businesses and will not play a role in wholesale marketing. (Of course, ComEd will
113 in the future access the wholesale market as a purchaser.) ComEd will retain certain
114 existing wholesale contracts with municipal customers.

115 Q. Please describe Exelon Genco.

116 A. Exelon Genco will be a wholly-owned subsidiary of Exelon that will contain the
117 generation resources and wholesale marketing businesses of ComEd and PECO.

118 Q. Please describe the ComEd generation resources and wholesale marketing businesses that
119 Exelon Genco will assume.

120 A. ComEd's current net generating capability is approximately 9,550 megawatts (MW),
121 supplied by five operating nuclear generating stations. (ComEd has a sixth nuclear
122 station, Zion, which has been retired.) In December 1999, ComEd completed the sale of
123 9,772 MW of fossil plants to Edison Mission Energy ("EME"). The Commission
124 previously approved that sale in Docket No. 99-0282. In connection with the EME sale,
125 ComEd entered into certain PPAs with EME. The EME PPAs entitle ComEd to purchase
126 capacity and energy from EME on specified terms through December 31, 2004.

127 Prior to the EME sale, ComEd sold fossil plants to affiliates of Dominion
128 Resources, Inc. ("Dominion") and Southern Company ("Southern"). ComEd had also
129 entered into PPAs with Dominion and Southern. Additionally, going forward, ComEd
130 has PPAs with several independent power producers ("IPPs") located in and around its
131 service territory. I will refer to the PPAs with EME, Dominion, Southern and the IPPs,
132 which are identified on Schedule 2.1(e) of the Contribution Agreement, as the "Fossil
133 Agreements."

134 ComEd's wholesale marketing business was founded in 1994 to market ComEd's
135 generation capacity and acquire energy when needed for retail operations. Since that
136 time, wholesale marketing has been instrumental in acquiring energy to meet successively
137 higher record demands in ComEd's service territory. It has lowered ComEd's overall
138 energy supply cost by optimizing the use of wholesale purchases relative to ComEd's
139 generation capacity. It has also effectively marketed ComEd's generation, selling over 17
140 million MWH last year.

141 Q. Please discuss PECO's generating resources and wholesale marketing business.

142 A. PECO has 9,561 MW of generating capability, which, as I mentioned, consists of nuclear,
143 coal, natural gas, oil, landfill gas and hydro generating plants. PECO also has an interest
144 in AmerGen, a partnership with British Energy, which was formed in 1997 to acquire
145 additional nuclear generating assets. Both PECO and British Energy have strong
146 operating cultures for safety and reliability. AmerGen has acquired (with this
147 Commission's approval) the Clinton Power Station in southern Illinois.

148 At the heart of PECO's wholesale power business is Power Team -- a five-year old
149 unit that is a leading, reliable supplier of electricity to other utilities, cooperatives and
150 marketers all across the continental United States and Canada. Power Team's energy
151 sales have grown in each of the past five years, and for the first time, wholesale deliveries
152 exceeded PECO's retail sales in 1998. Power Team also has agreements to market full
153 output of plants under construction or planned in Texas, Georgia and Oklahoma.

154 Q. What assets will ComEd transfer to Exelon Genco?

155 A. The specific assets ComEd intends to transfer to Exelon Genco are identified and
156 described in the Contribution Agreement, which is attached to the Notice as Appendix A.
157 In general, ComEd intends to transfer and/or assign (as applicable) to Exelon Genco: (i)
158 all six of its nuclear plants, including the land on which they sit and the equipment used
159 in their operation; (ii) the Company's rights under the Fossil Agreements; (iii) various fuel
160 supply agreements and other leases and contracts related to the generation business; and
161 (iv) all real and personal property and assets related to and used in the conduct of
162 ComEd's wholesale marketing business (e.g., computers, trading floor equipment, etc.).

ComEd will also transfer to Exelon Genco all assets, including investments, held in ComEd's decommissioning trusts. ComEd will retain the obligation to collect unfunded decommissioning cost charges from ratepayers, and to forward such funds to Exelon Genco.

Q. Who will have the obligation to decommission the plants?

A. Exelon Genco will have the obligation to decommission the plants.

Q. Will ComEd transfer any transmission or distribution assets to Exelon Genco?

A. ComEd will not transfer to Exelon Genco any transmission or distribution assets, with the exception of a synchronous condenser at the Zion station and certain land on which various facilities sit. ComEd will have the right to control and operate that synchronous condenser. ComEd will continue to own and operate its other transmission and distribution assets subject to any current or future obligations to any independent system operator or regional transmission organization.

Q. Will the Transfer adversely affect the reliability of the ComEd nuclear plants?

A. No. The Transfer will not negatively affect the operating performance of the nuclear units. The nuclear units will be under the same direct management after the Transfer as they were immediately before the Transfer. Moreover, PECO itself brings an admirable operating record to the table. PECO is recognized as a leading nuclear operator across the industry and has managed two other plants under service contracts. PECO's substantial nuclear fleet has set new nuclear performance standards in safety, capacity factors, refueling efficiency and low operating and maintenance costs, while producing more than 33 billion kilowatt-hours of nuclear electricity in 1998. Between them, Unicom and

PECO intend to establish in Exelon Genco the single best nuclear operating team in the generation business.

Q. How will ComEd obtain its power supply after the Transfer?

A. A central feature of the Transfer is the PPA, a power supply agreement under which Exelon Genco will supply all of ComEd's requirements from the date of the Transfer through December 31, 2004 (the "Initial Term"), and, in 2005 and 2006, all of ComEd's requirements up to the available capacity of the transferred nuclear units. The PPA will ensure ComEd a reliable source of supply, while at the same time, as I will explain, protecting ComEd from the risk of suboptimal performance of the nuclear units, energy price volatility and many of the financial effects of load loss associated with the transition to a competitive retail market.

Under the PPA, Exelon Genco will be ComEd's sole external source of supply during the Initial Term of the PPA (i.e., through 2004). (ComEd may still, from time to time, employ small generators (known as "distributed generation") throughout its system for reliability purposes.) During the Initial Term, Exelon Genco will supply all capacity and energy required by ComEd to serve its load, satisfy applicable reliability requirements, provide ancillary services and satisfy any and all other obligations that ComEd may have. To satisfy ComEd's requirements, Exelon Genco will rely on the same sources of supply that would otherwise be available to ComEd absent the Transfer: the nuclear units, the Fossil Agreements and other market sources.

Subsequent to the Initial Term, in 2005 and 2006, Exelon Genco will serve ComEd's requirements up to the available capacity of the transferred nuclear units.

208 Q. How will capacity and energy be priced?

209 A. ComEd will not pay a separate capacity charge; ComEd will pay only an energy charge.

210 The PPA sets forth a schedule of energy prices, on- and off-peak, by month for the Initial
211 Term. Prices for the years 2005 and 2006 will be set at then prevailing market rates, and
212 will be filed with the FERC for the FERC's approval.

213 Q. How were the monthly prices developed?

214 A. The monthly prices were developed using data that reflect ComEd's cost of service
215 associated with the nuclear units, prices under the Fossil Agreements, and projections of
216 market prices. The nuclear plant costs reflect both a projected, substantial write-down of
217 investment in the nuclear plants at closing of the Unicom-PECO merger and the benefit
218 of the improvement of the nuclear units' operating performance in recent periods.

219 Specifically, the prices assume that the the nuclear plants will operate at an aggregate
220 capacity factor of 85%, which compares with the historical capacity factor of 69% for the
221 period 1989 through 1999. In other words, Exelon Genco is giving ComEd the benefit of
222 an increase in the units' overall capacity factor to a level much higher than that at which
223 they have historically operated, as well as reflecting the benefit of the reduction in book
224 investment.

225 Q. Why were prices developed in this manner?

226 A. There are three principal reasons. First, the price of energy provided to ComEd during
227 the Initial Term is intended to approximate the cost to ComEd of these same sources were
228 the Transfer never to occur. We are not attempting to effect any increase in cost to
229 ComEd by moving the nuclear assets and other resources to Exelon Genco. Moreover,

the prices will be fixed for the term of the agreement to protect ComEd from any increases in cost, whether due to operating costs, additional investment or market prices.

Second, the Initial Term pricing also allows ComEd's power supply costs to rise and fall with its load. ComEd will no longer have any fixed power supply costs that it has to cover regardless of load levels. Rather, ComEd will only be required to pay for that energy which it needs. If ComEd's load falls, its costs also fall, in proportion to the reduction in load. This feature affords ComEd's ROE significant protection from risks associated with the level of switching to other suppliers.

Finally, the Initial Term pricing protects ComEd from any risk that nuclear plant performance deteriorates during the term of the agreement. Naturally, ComEd does not expect that the same team that has rescued the nuclear units from the prior performance patterns and established an admirable operating record would allow the units to return to their prior performance patterns. Nonetheless, under the PPA, ComEd will no longer bear that risk; it will become Exelon Genco's risk. ComEd will pay prices based on high operating performance levels regardless of actual performance. This not only protects ComEd from the risk, but also provides Exelon Genco with a significant incentive to keep the plants running well. Any operating performance slippage will accrue to the sole detriment of Exelon Genco.

Q. Does the Transfer alter or change any risk relating to availability of supply during the 2001-2004 period?

A. No, the Transfer does not alter any risk relating to the safety and reliability of service provided by ComEd during that period. As I have discussed previously, ComEd will obtain its source of supply from Exelon Genco under the PPA. Exelon Genco, which will

combine the ComEd and Power Team wholesale marketing talent and operations, will serve ComEd from the same resources that ComEd has today: the ComEd nuclear units, the various Fossil Plant Agreements and market sources. Accordingly, the Transfer will not limit or reduce the resources available to serve ComEd.

Moreover, in no respect will the management of ComEd's power supply be inferior to the management of ComEd's resource portfolio today. The addition of the Power Team expertise to the management of ComEd's supply needs should enhance ComEd's reliability. Power Team brings to the table a highly successful wholesale marketing operation, with a proven track record.

Further, the PPA provides for the same type of load and resource planning that ComEd engages in today. Under the PPA, each year ComEd and Exelon Genco will engage in a planning process for the following year, which will result in an annual load plan. This process will enable Exelon Genco to procure whatever additional resources that may be necessary to satisfy ComEd's needs the following year. I wish to emphasize that the PPA expressly provides that the annual load plan is designed to provide a reasonable basis on which to estimate ComEd's service requirements, and will not relieve Exelon Genco from its obligations to provide ComEd the actual full requirements needed to meet ComEd's service obligations to retail and retained load.

After the PPA expires, ComEd would obtain its then-required supply from market sources, which could include Exelon Genco.

Q. Do you expect that market sources will be adequate at that time?

A. Yes. In fact, we expect that the power supply market at that time will include many more supply options than it does today. A substantial amount of new capacity has been

276 proposed in Illinois alone. While not all of the proposed facilities may be built, ComEd
277 anticipates that a significant number will and that there will be no difficulty procuring
278 replacement supply upon expiration of the PPA. I also note that two other Illinois electric
279 utilities, Illinois Power Company and Central Illinois Public Service Company,
280 transferred their electric generating assets to a generating company affiliate and entered
281 into supply contracts with those affiliates that expire on December 31, 2004.

282 Q. Will this reorganization have an impact on the efficiency of Northern Illinois' wholesale
283 market?

284 A. By dividing ComEd into a Generation and Distribution organization, we hope to
285 stimulate the development of a more efficient energy market in Northern Illinois. As the
286 Exelon Genco and ComEd grow as two separate organizations, they may independently
287 transact in an open wholesale market and help to foster institutions that increase market
288 liquidity and efficiency.

289 Q. Will the Transfer interfere with transmission or distribution operations?

290 A. No. ComEd will continue to own and operate its transmission and distribution systems.
291 The Transfer will not affect, in any respect or to any degree, ComEd's participation in the
292 Midwest Independent System Operator.

293 The Transfer will not interfere with or disrupt the Company's continuing efforts to
294 improve the performance of its distribution system. To the contrary, the Transfer will
295 separate the distribution and generation functions, and will facilitate heightened
296 management focus on distribution system operations.

297 The Transfer also will not adversely affect the Company's ability to invest in
298 distribution system enhancements. As the Company's accompanying ROE analyses

299 demonstrate, the Transfer will have no adverse effect on ROE. Accordingly, the
300 Company's plans to improve its distribution system will be unaffected by the Transfer.

301 Q. Please discuss ComEd's plans for compliance with Section 16-128 of the Public Utilities
302 Act.

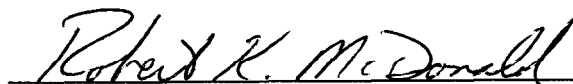
303 A. Exelon Genco, either directly or through an affiliate, will employ the nuclear plant
304 employees on the same terms and conditions of employment that the employees enjoyed
305 at the time of the transfer.

306 Q. Does this conclude your statement?

307 A. Yes.

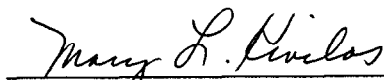
Affidavit

Robert K. McDonald, Vice President of Unicom Corporation, being first duly sworn,
states that he has read the foregoing Verified Statement of Robert K. McDonald and that the
answers given therein are true and correct to the best of his knowledge.



Robert K. McDonald

Subscribed to and sworn before me
this 14th day of March, 2000.



Notary Public



APPENDIX F

STATEMENT OF ROBERT E. BERDELLE

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Commonwealth Edison Company)
)
Notice of transfer of generating and)
associated assets and entry into related)
agreements pursuant to Section 16-111(g))
of the Illinois Public Utilities Act.)

VERIFIED STATEMENT

OF

ROBERT E. BERDELLE

Q. Please state your name and business address.

A. Robert E. Berdelle, Commonwealth Edison Company ("ComEd"), 10 South Dearborn
Street, Chicago, Illinois.

Q. What is your position with ComEd?

A. I am Vice President and Comptroller.

Q. What are your responsibilities in that position?

A. As Comptroller, I am responsible for the executive direction of the Company's accounting
and budgeting organizations and the preparation and interpretation of all accounting
reports and financial statements.

Q. Please provide your educational and employment background.

A. I hold the degree of Bachelor of Business Administration in Finance from the University
of Notre Dame. I am a Certified Public Accountant in the State of Illinois. I am a
member of the National Association of Business Economists and the Financial
Executives Institute. I have been employed by ComEd since 1978. On December 16,
1998, I was appointed to my present position as Vice President and Comptroller of

32 ComEd. Prior that time, I served as Comptroller. I have also held a variety of positions,
33 including Manager of Financial Reporting, Director of Strategic Analysis, Director of
34 Revenue Requirements, Regulatory Project Manager, District Manager for an operating
35 unit of the company and Regulatory Affairs Director.

36 Q. What is the purpose of your testimony?

37 A. The purpose of my testimony is to explain why the proposed transfer ("Transfer") of
38 ComEd's nuclear generating assets to an affiliated generating company ("Exelon Genco"),
39 as contemplated in the Contribution Agreement accompanying the Company's Notice as
40 Appendix A, will not produce a strong likelihood of the need for a rate increase under
41 Section 16-111(d) of the Illinois Public Utilities Act ("Act").

42 Q. Please describe the requirements for a rate increase under Section 16-111(d).

43 A. Under Section 16-111(d), an electric utility may seek an increase in base rates during the
44 mandatory transition period where it demonstrates that the two-year average of its return
45 on equity, adjusted to remove the effects of accelerated depreciation or amortization or
46 other transition or mitigation measures, is less than the monthly average yields of 30-year
47 treasury bonds for the same two-year period.

48 Q. Did ComEd prepare a projection of its earned returns on common equity through 2004?

49 A. Yes, it did. ComEd prepared projections of its earned returns on common equity through
50 2004 both with and without the Transfer. ComEd then compared the results to forecasted
51 returns on 30-year United State Treasury bonds to determine if the projected earned
52 returns in the "Transfer" case would fall below the forecasted Treasury bond rates and,
53 thus, render ComEd eligible to seek a rate increase during the transition period. As I will
54 discuss, in no case does ComEd's projected earned return for a relevant two-year period
55 fall below the corresponding average Treasury bond rate.

56 Q. How did ComEd calculate the projected returns?

57 A. ComEd's projected earned returns on common equity were calculated for each year
58 through December 31, 2004, both with and without the Transfer, using the methodology
59 set forth in Section 16-111(d) of the Public Utilities Act (220 ILCS 5/16-111(d)). Thus,
60 as required by that Section of the Act, ComEd made appropriate adjustments to remove
61 the effects of accelerated depreciation and amortization expected to be recorded during
62 each of the relevant years.

63 ComEd prepared projections based on each of the most extreme load retention
64 scenarios: (a) with the assumption that ComEd continues to serve all of the load in its
65 service territory, and (b) with the assumption that all customers take service from an
66 alternative provider as soon as they become eligible to do so. In the 100 percent retention
67 scenario, all non-residential customers were assumed to elect the purchase power option
68 as soon as they were eligible to do so. This approach tends to overstate the adverse
69 impact on earned returns because it incorporates the assumption that ComEd's revenues
70 from these customers are reduced by the mitigation factor, a reduction that does not apply
71 to customers taking bundled service from ComEd.

72 Q. Why did ComEd prepare projections based on these two scenarios?

73 A. At this time, it is uncertain what effects competition will have on customer loss and
74 revenue attrition. As a result, we tested the extreme cases. If the earnings test for a rate
75 filing were not met in either of those two cases, it would not be met at any level of
76 customer loss between those two extremes. In other words, if ComEd's earned returns do
77 not fall below the statutory bond yield "floor" under either of these scenarios, they will
78 not fall beneath that floor at whatever load level between those two extremes ComEd is
79 actually called upon to serve.

80 Q. What are the projected earned returns on common equity in the "no Transfer" and
81 "Transfer" cases?

82 A. The projected returns are set forth in Appendix M to the Notice.

83 Q. Are the returns set forth in Appendix M projections of what ComEd actually expects its
84 returns on common equity to be, for financial reporting purposes, under the various
85 scenarios studied?

86 A. No. The returns contained in Appendix M are higher than the returns that ComEd would
87 actually expect to achieve. This is because the projected return calculations include the
88 adjustments, which I previously discussed, as required by the Section 16-111(d) of the
89 Act. These adjustments produce a projected return that is higher than it would be without
90 the required adjustments.

91 Q. To what Treasury bond forecast did ComEd compare its projected earned returns?

92 A. The Treasury bond yields are set forth in Appendix M to the Notice.

93 Q. What was the source of the Treasury Bond yield forecasts set forth in Appendix M?

94 A. ComEd utilized the Treasury bond yields forecasted by Regional Financial Associates
95 ("RFA"). RFA provides analyses of the United States economy to institutional, corporate
96 and government clients in the United States, Canada and Europe. RFA's services include
97 publications, historical and forecast data bases and consulting.

98 Q. Is RFA an accepted source for the type of information utilized by ComEd in its analyses?

99 A. Yes. RFA is commonly recognized as an accepted source of Treasury bond forecasts and
100 other similar information. Its forecasts are widely used by the financial community.

101 Q. What was the result of the comparison of the projected earned returns on common equity
102 to the forecasted Treasury bond rates?

103 A. As shown in Appendix M, the projected earned returns on common equity through 2004
104 show that the Transfer will not affect ComEd's earned returns such that there is any
105 likelihood that ComEd would be entitled to seek an increase in its base rates during the
106 mandatory transition period. Indeed, even under the extreme scenarios studied, in all of
107 the two-year averages of the "Transfer" cases, ComEd's projected average earned return is
108 significantly higher than the corresponding forecasted two-year average Treasury bond
109 yield.

110 Q. Did ComEd perform any sensitivity analyses to determine what would be the result if the
111 actual Treasury bond yield is greater or less than that forecasted by RFA?

112 A. Yes. Any sensitivity analyses, ComEd compared its calculated earned returns to Treasury
113 bond yields two statistical standard deviations higher and lower than RFA's forecasted
114 yields. The standard deviations were calculated using historical monthly data from
115 January 1995 through December 1999. The resulting yields are shown in Appendix M.
116 The forecasted yields are within the range of the historical yields used in the calculation
117 of the standard deviations, and there is a probability of approximately 95 percent that the
118 actual Treasury bond yields will be within two standard deviations of the yields
119 forecasted by RFA.

120 Q. What were the results of the sensitivity analyses?

121 A. The sensitivity analyses confirm the results of the base analyses: in no case does ComEd's
122 earned return fall below the level of the bond yield and, thus, in no case would ComEd be
123 eligible to apply for a rate increase because of the Transfer.

124 Q. Does this conclude your statement?

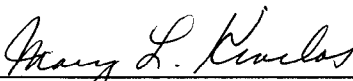
125 A. Yes.

Affidavit

Robert E. Berdelle, Vice President of Commonwealth Edison Company, being first duly sworn, states that he has read the foregoing Verified Statement of Robert E. Berdelle, and that the answers given therein are true and correct to the best of his knowledge.


Robert E. Berdelle

Subscribed to and sworn before me
this 14th day of March, 2000.


Notary Public



APPENDIX G

MECHANICS OF TRANSFER

Proposed Restructuring of Generation Business

All of the steps described below would occur upon or shortly after the merger transaction which would reflect purchase accounting adjustments made to the book value of the ComEd generation assets and related liabilities:

1. ComEd forms a new wholly owned subsidiary corporation ("ComEd Genco").
2. ComEd makes a capital contribution to ComEd Genco of the generation assets, the wholesale power marketing business and related assets. ComEd Genco assumes certain liabilities relating to the transferred assets and business.
3. ComEd redeems shares of its common stock held by Exelon in exchange for 100% of the stock of ComEd Genco. As a result of the redemption, Exelon will own 100% of the stock of ComEd Genco, but fewer shares of common stock of ComEd. The fair value of the shares of common stock of ComEd that are redeemed will be equal to the fair value of the stock of ComEd Genco (i.e., the fair value of the generation assets less the amount of related liabilities assumed by ComEd Genco). It is intended that the redemption transaction will qualify as tax-free under Section 355 of the Internal Revenue Code.
4. Subject to receipt of a favorable private ruling from the IRS, ComEd Genco, while still a first-tier subsidiary of Exelon, will be merged with and into a new first-tier subsidiary of Exelon formed to own and operate the PECO generation assets and business ("Exelon Genco") in a tax-free reorganization, with Exelon Genco being the surviving corporation in the merger. As a result, all of the generation assets and business of ComEd and PECO will be owned and operated by Exelon Genco as a first-tier subsidiary of Exelon.

APPENDIX I

CERTIFICATION OF INDEPENDENT CERTIFIED ACCOUNTANT



ARTHUR ANDERSEN

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Commonwealth Edison Company:

We have examined the accompanying assertion of management of Commonwealth Edison Company that the journal entries as set forth on the Schedule of Accounting Entries of Commonwealth Edison Company, based on the accompanying significant journal entry assumptions, are consistent with accounting principles generally accepted in the United States. Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included such procedures as we considered necessary in the circumstances.

In our opinion, the assertion of management of Commonwealth Edison Company referred to above is fairly stated, based on the accompanying significant journal entry assumptions, in all material respects, in conformity with accounting principles generally accepted in the United States.

This report is intended solely for the use of Commonwealth Edison Company and the Illinois Commerce Commission and should not be used for any other purpose.

Arthur Andersen LLP

ARTHUR ANDERSEN LLP

Chicago, Illinois
March 15, 2000

APPENDIX J

CERTIFICATION OF CHIEF ACCOUNTING OFFICER

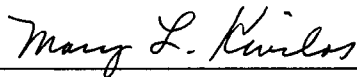
Certification

In accordance with Section 16-111(g) of the Illinois Public Utilities Act, I, Robert E. Berdelle, chief accounting officer of Commonwealth Edison Company, hereby certify that the accounting entries related to the transfer of assets and liabilities from Commonwealth Edison Company to Exelon Genco are in accordance with the guidelines for cost allocations approved by the Illinois Commerce Commission for Commonwealth Edison Company.

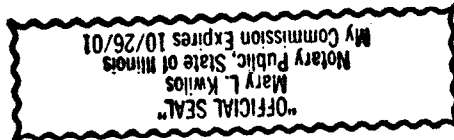


Robert E. Berdelle

Subscribed to and sworn before me
this 14th day of March, 2000.



Notary Public



APPENDIX K
SECTION 203 FILING WITH FERC